

The President's Daily Brief

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21 September 1973

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THE PRESIDENT'S DAILY BRIEF

21 September 1973

PRINCIPAL DEVELOPMENTS

Intercepted messages show that North Vietnamese preparations to move men and materiel southward during the 1973-74 dry season are well advanced. (Page 1)

Cambodian insurgents are having supply problems. Sihanouk has blamed Hanoi for withholding arms, but there is evidence that some Vietnamese aid is still reaching the insurgents. (Page 2)

The East Europeans have been lobbying behind Moscow's back to scuttle the Soviet proposal for a CEMA-EC dialogue that would interfere with bilateral economic relations between the countries of East Europe and the EC. (Page 3)

[redacted] Soviet [redacted]
[redacted]
[redacted] (Page 4)

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[redacted] Soviets [redacted]
[redacted] Iraq [redacted]
[redacted] (Page 5)

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King Husayn plans to follow up his announcement of amnesty for the fedayeen with an offer to establish a "dialogue" with the PLO. He seems delighted with the reception given his amnesty move, but there is grumbling about it among officers in the Jordanian Army. (Page 6)

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Seoul has offered Tanaka a plan that could end the controversy over the kidnaping of a South Korean opposition leader in Japan last month. (Page 7)

Heavy intervention by the German and French central banks was required again yesterday to maintain the European joint float. The dollar dropped back to its lowest levels since August 9. (Page 8)

Notes on USSR-Egypt, USSR-Cuba, Argentina, and Japanese oil policy appear on pages 9 and 10.

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NORTH VIETNAM

The North Vietnamese appear to be well along in their preparations for moving men and materiel southward during the 1973-74 dry season, which normally begins in October.

Recent intercepts show that way stations in the panhandle have been told that troops will soon be moving south. One message, from a major logistics authority in southern North Vietnam, shows that one infiltration group was to move through the Vinh area each night beginning on September 19. The message did not indicate the scope or duration of the troop movement.

Hanoi probably does not have enough trained replacement manpower on hand to sustain a flow of one group per day for more than a month. The North Vietnamese could augment this flow, however, by sending regular combat units south.

The troops being sent probably were inducted last winter; many of these recruits have already infiltrated south or have been used to rebuild understrength combat units that returned to North Vietnam. Hanoi inducted few men between February and July, and those recruited in a drive that began last month will not be ready for infiltration until late fall.

On the materiel side, intercepts show that some 6,800 tons of munitions have been moved into storage areas north of the Demilitarized Zone since early July. Another 1,300 tons of ordnance have been stockpiled near the Ban Karai Pass, a major entryway into southern Laos.

This materiel, which includes ammunition for almost every weapon in the Vietnamese Communists' arsenal, is sufficient to sustain heavy fighting in South Vietnam for approximately six months. The Communists already have large stocks of weapons and munitions on hand in the South.

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CAMBODIA - NORTH VIETNAM

During press interviews this week in Algiers and Peking, Sihanouk maintained that victory over the Lon Nol government will be delayed for "many years" unless his Communist backers give the insurgents more material assistance. He claimed that Hanoi is unwilling to transport Chinese-supplied arms to Cambodia, and that the Vietnamese Communists had moved their Cambodian arms caches to South Vietnam, thereby denying them to the insurgents. Sihanouk said he had made demarches to his allies on the supply problem to no effect.

Sihanouk is in part using Hanoi as a scapegoat to explain the insurgents' failure to take Kompong Cham. Nonetheless, since last January he has been asserting that the Vietnamese have cut off arms and ammunition supplies. In early September, Sihanouk stated publicly that Hanoi had signed an agreement under which the insurgents would be supplied with materiel from Viet Cong stocks, and Hanoi would be reimbursed by the Chinese. He is now implying that this agreement is not working properly.

Insurgent messages and other sources have indicated that insurgents have supply problems in some areas, but the causes are unclear. There is evidence that some Vietnamese aid is still reaching the insurgents.

If Hanoi actually is unwilling to give the Khmer insurgents enough materiel to sustain military activity at a high level, it would indicate that the North Vietnamese are relatively satisfied with a status quo in Cambodia that protects their western flank while they concentrate on South Vietnam. At a minimum, Hanoi may see some advantage in appearing to act with restraint in Cambodia.

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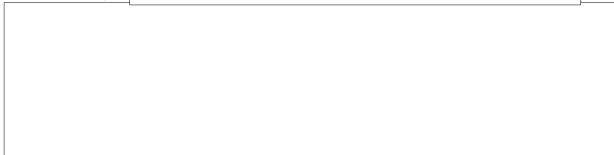
EASTERN EUROPE - EC

East European ambassadors have been calling on Danish officials in an attempt to undercut Moscow's recent overture to establish official contacts between CEMA and the EC. Late last month the Soviet Secretary General of CEMA approached the Danes, who chair EC bodies for the rest of the year, with a proposal that CEMA and the EC appoint delegates to begin negotiations. As soon as he left town the East Europeans began insisting that he had acted without their concurrence, and expressed their strong distaste for bloc-to-bloc dealings.

This unusual display of defiance behind Moscow's back shows how much danger the East Europeans see in the latest Soviet attempt to limit their freedom of maneuver. Their actions also reflect the value they place on developing bilateral ties with the EC.

Romania has already worked out arrangements that will enable it to benefit from the EC's generalized trade preference scheme.

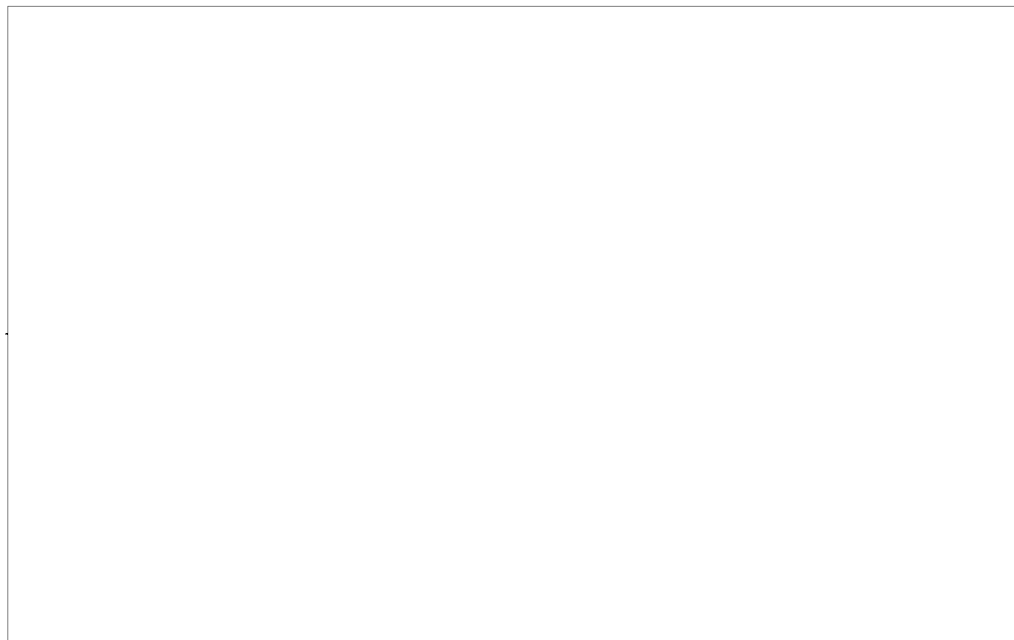
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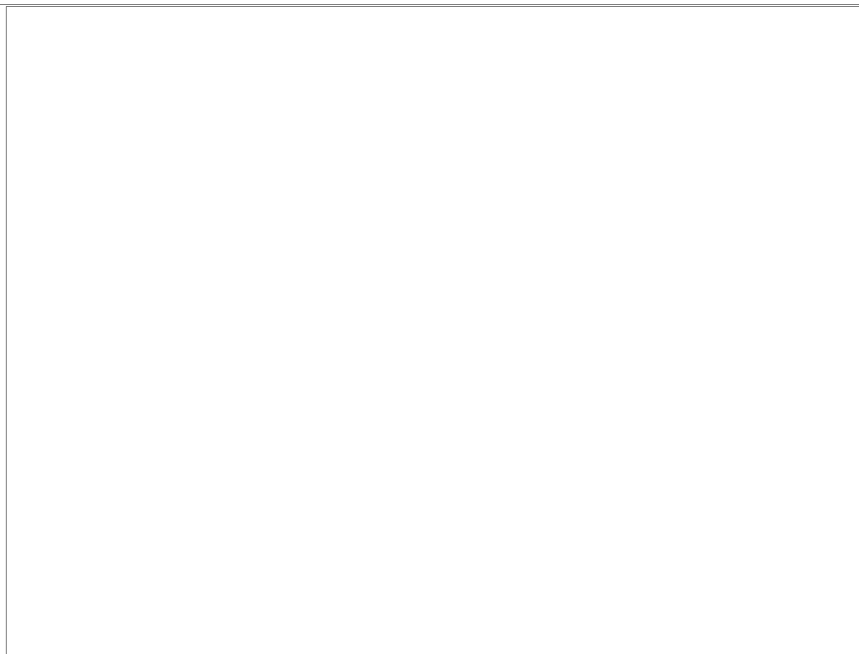
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Other East European countries share Bucharest's interest in expanding bilateral economic ties with the West, and they resent Moscow's own efforts to achieve this same objective while reining in the East Europeans. They clearly are no less eager than Moscow to pursue the economic advantages of detente--at times, as in their approaches to the Danes, at the risk of incurring Soviet wrath.

West European officials have reacted coolly to Moscow's proposal for CEMA-EC dialogue. Yesterday the EC Council decided to tell the USSR merely that the EC will study the suggestion, and that CEMA may contribute to the study if it wishes.



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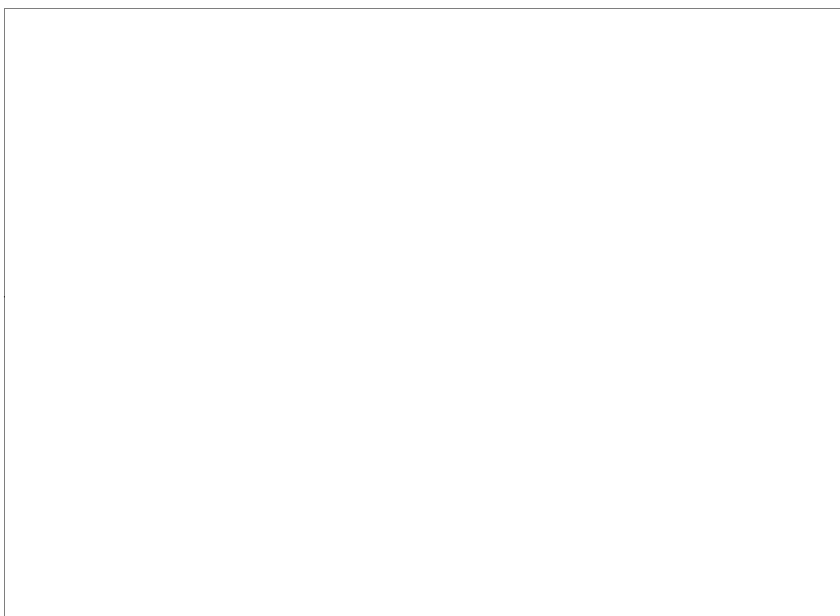
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IRAQ-USSR

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*FOR THE PRESIDENT ONLY**JORDAN-FEDAYEEN*

King Husayn intends to follow up his announcement of amnesty for the fedayeen with an offer to establish a "dialogue" with the PLO. He has told Ambassador Brown that Jordan is now internally secure, has renewed relations with Egypt and will probably do the same with Syria soon, and can afford to make dramatic gestures. The King is evidently delighted with the reception given his amnesty offer, particularly in the West Bank, and told Brown that cables of congratulation had been pouring in spontaneously. He is sure that the amnesty will have a significant impact on Syria; Asad has already welcomed the move.

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The King is assuming that a follow-up offer of a dialogue to the PLO can be kept secret while preparations are being made. His idea is that the PLO will automatically reject the move, thus further splitting the resistance movement--as, in his view, the amnesty action has already done.

Ambassador Brown points out that the King is incorrect in assuming that everyone is praising his amnesty policy. The Bedouin are already grumbling that the Palestinians have the King under their thumb; the Crown Prince hastily left for Morocco so as to be out of town when the news broke; field-grade officers of the Jordanian Army have already expressed their unhappiness to US officials, though the top levels have been given reassurances by Husayn. Brown also points out that news of the dialogue offer will almost certainly leak in short order. Husayn is nevertheless gambling that he will pull it off.

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SOUTH KOREA - JAPAN

The Koreans have offered Prime Minister Tanaka a plan for defusing difficulties caused by the kidnapping of a South Korean opposition leader by Korean agents in Japan last month. Tanaka, in an attempt to placate his leftist opposition, had threatened to cut off economic aid unless Seoul took some action.

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The Koreans have now responded. They are prepared to offer the necessary public apology--but no admission of government complicity--and undertake a joint investigation into the criminal aspects of the case.

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Tokyo is likely to accept. The threats of economic sanctions were probably made most reluctantly; any significant action against Seoul would antagonize conservative

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INTERNATIONAL MONETARY DEVELOPMENTS

Heavy intervention by the German and French central banks in European markets was required again yesterday to maintain the European joint float. Total intervention by European central banks so far this week amounts to at least \$1.5 billion.

The Bundesbank's purchases of French francs reportedly amount to the equivalent of over \$800 million, including \$400 million yesterday. The Bank of France has continued to sell a similar amount of the stronger float currencies--mostly marks. Yesterday Paris also raised the French bank rate to 11 percent, the highest since World War II and close to rates elsewhere in Europe. This helped ease pressures on the franc.

There is no indication that either Bonn or Paris is nearing its intervention limit and is preparing to alter its currency's exchange rate. The Europeans probably hope that some indication of progress toward monetary reform at the annual IMF meeting opening in Nairobi on Monday will ease market pressures.

Some of the uncertainty rubbed off on the dollar, which yesterday dropped back to its lowest levels since August 9. The Bundesbank intervened in small amounts to support it.

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NOTES

USSR-Egypt: Press reports that Soviet party chief Brezhnev and Egyptian President Sadat are meeting in Bulgaria cannot be confirmed. [REDACTED]

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[REDACTED] Cairo, however, has publicly denied the reports, which first appeared in the notoriously unreliable Beirut press, and announced that Sadat met with university students in Cairo yesterday. Moscow has reported that Brezhnev and Bulgarian party chief Zhivkov--each supported by large retinues--discussed bilateral matters yesterday at a Bulgarian retreat some distance from the coastal city of Varna. In Cairo, meanwhile, the Soviet ambassador met with Sadat's national security adviser on September 20. Both men would have been expected to participate in a meeting of their principals.

USSR-Cuba: [REDACTED]

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Argentina: Only Peron's margin of victory is in doubt in Sunday's presidential election. Anything over 50 percent would avoid the formality of a runoff and provide him with a strong mandate. The US Embassy expects he will win 55 to 60 percent of the vote. The government's announcement Wednesday night implicitly recognizing the Chilean junta has introduced the only possibly unsettling element into the campaign. Despite widespread leftist demonstrations against the coup, however, most Argentines probably believe recognition will help maintain traditional Argentine-Chilean friendship and keep Chile from being drawn into the orbit of arch-rival Brazil.

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Japan: Tokyo may be changing its position in the current talks on a proposed worldwide emergency oil-sharing plan. Ministry of International Trade and Industry officials now say that, contrary to the impression given US officials earlier this month, Japan is not committed to a compromise on the method of allocation. Tokyo favors a quota based on oil consumption rather than oil imports, which the US prefers. The Japanese also say they will not join the oil-sharing group if it is hostile to any of the oil-producing nations, including Libya. They are clearly worried about aligning themselves with a consumer bloc which might provoke the exporting countries.

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Japan-Iraq:

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